



Bank of Nova Scotia Fails to Make the Cut

Description

Bloomberg honoured 52 financial services firms from around the globe January 23 for their commitment to building gender-equal workplaces. Suspiciously missing from the list was **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), the only bank from Canada's Big Five to not make the cut.

Whether you're a woman or a man and own shares in Bank of Nova Scotia, you have to be wondering why this snub occurred, because, from an optics perspective, it looks really bad; from an investment standpoint, if there is no logical explanation, do you really want to own shares in a bank that's unable to keep up with progress?

Heck, even our prime minister recognized it's not 1915 anymore.

What happened, Bank of Nova Scotia? Did you forget to get the forms in on time? Did your company mascot eat them before you got to pop them in the mail?

This reminds me in a painful way of the movie *Ferris Bueller's Day Off* and the scene where the teacher, played by actor/economist Ben Stein, repeats the name "Bueller" several times for confirmation of attendance to no avail.

Of course, those who've seen the movie know that the character played by Matthew Broderick was just starting out on a wild adventure through the city of Chicago that doesn't end well.

"BNS, BNS ... BNS?"

"Women make up 37% of TD's senior leadership group in Canada, and TD's female executives have been celebrated among some of the most exceptional and influential in North America," **Toronto-Dominion Bank** said in a press release.

“BMO is dedicated to creating a workplace that is equitable and inclusive,” Sonya Kunkel, the bank’s chief inclusion officer and vice president of people strategies and insight said in a statement. “We made a commitment to achieving 40% representation of women in the top 1% of our senior leadership roles in the organization, a goal we realized in 2016.”

Bravo, **Bank of Montreal**.

“CIBC is pleased to be included in this new *Bloomberg* index, which reflects our strongly held belief that when you value and leverage gender differences, you build a stronger, more dynamic company,” said Kevin Patterson, senior executive vice president of technology and operations of **Canadian Imperial Bank of Commerce** and chair of the bank’s gender diversity and inclusion executive committee.

Oddly, **Royal Bank of Canada** doesn’t appear to have said anything about being recognized one of the 52 companies on the list, but the **Royal Bank of Scotland** did.

“RBS is proud to showcase our strong commitment to gender equality, and alongside our peers, better understand the gender-equality related issues that our employees, customers, and communities face,” said Marjorie Strachan, RBS Group Head of Inclusion.

I recently wrote about the importance of ESG (environmental, social, and governance) to millennial investors. Gender diversity and equality are part of that equation. But it’s not just about investors. Most of the big banks’ employees are millennials, and anything that makes you less attractive to the best and the brightest young people is going to cost you in the long run from both a business- and stock-performance standpoint.

This isn’t a politically correct thing; it’s a business thing.

“More investors are focused on ESG issues, such as gender diversity, and how they affect corporate and portfolio performance,” wrote **Morgan Stanley** in its May 2016 research paper *Why It Pays to Invest in Gender Diversity*.

“In essence, companies that screen better for gender diversity metrics are higher quality companies using our other standard financial metrics,” said Morgan Stanley chief U.S. equity strategist Adam Parker, lead on the Global Quantitative report, “Putting Gender Diversity to Work: Better Fundamentals, Less Volatility.”

I hope I’ve been able to illustrate to investors why Bank of Nova Scotia is missing out on this list is a major faux pas — one that I doubt will repeat itself when *Bloomberg* releases its third annual Financial Services Gender-Equality Index this time next year.

If it does, I don’t see investors being nearly as forgiving the second time around.

But what do I know? I didn’t think Trump would get elected either, yet here we are.

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